

## SUBPART R: AMOUNT EXEMPT FROM WITHHOLDING

**Section 100.7100 Withholding Exemption (IITA Section 702)**

- a) General rules. An employee is entitled to a withholding exemption equal to the basic amount multiplied by the number of withholding exemptions to which he is entitled for federal income tax withholding purposes plus additional exemptions in the amount of \$1,000 if the taxpayer or the taxpayer's spouse is age 65 or older or is blind. Since the Act does not provide for itemized deductions for individuals in the computation of net income, no additional withholding allowances based on such deductions (as provided under 26 USC 3402(m) are permitted). The basic amount is \$1,000 for years prior to 1998; \$1,300 for 1998; \$1,650 for 1999; and \$2,000 for subsequent years.
- b) Married employees. A married employee may not claim a withholding exemption for any dependent (as defined in 26 USC 152) unless, if he filed a separate federal income tax return, he could claim that dependent on such separate return. He may claim any withholding exemption to which his spouse may be entitled (except for dependents) for federal withholding purposes if the spouse has not claimed such exemption on an Illinois withholding exemption certificate. However, a married employee is not entitled to claim any withholding exemption in respect of a spouse unless they expect to file a joint Illinois income tax return.
- c) Examples. Section 100.7100(a) and (b) of this Part may be illustrated by the following examples:
  - 1) Example 1: A and B are married and intend to file separate federal returns. A and B are residents of Illinois. A, is employed and works for a company in State X. None of the compensation received from his employer is subject to Illinois withholding (see Section 100.7010 of this Part). B works in Illinois and her salary is subject to Illinois withholding. For federal withholding purposes, A claims no exemption and B claims two exemptions, one for herself and one for her spouse, who has not claimed a withholding exemption for himself on a federal withholding exemption certificate filed with his employer. Under IITA Section 502(c), A and B must file a return in Illinois on a separate basis. B may claim only one withholding exemption for Illinois withholding purposes (i.e., her own exemption) even though she is entitled to claim two exemptions for federal withholding purposes.
  - 2) Example 2: Assume the same facts as Example 1, except that A and B have both attained the age of 65. Accordingly, B claims four withholding exemptions for federal purposes. However, for Illinois withholding purposes B may claim only her own two exemptions; one

exemption equal to the basic amount for herself and one additional \$1,000 exemption for having attained the age of 65.

- 3) Example 3: Assume the same facts as Example 1, except that A and not B claims the two exemptions on a federal withholding exemption certificate. B is entitled to claim one withholding exemption (her own) for Illinois withholding purposes. However, if A and B expect to file a joint federal return and accordingly a joint Illinois return, B may claim two withholding exemptions for Illinois withholding purposes.
- 4) Example 4: Assume the same facts as Example 1, except that A has two dependents who qualify as his dependents under 26 USC 152. Only A may claim these dependents as withholding exemptions for both federal and Illinois purposes.

(Source: Amended at 24 Ill. Reg. 10593, effective July 7, 2000)